

**REMARKS/ARGUMENTS**

This Amendment is responsive to the Office Action mailed on May 29, 2009.

In this Amendment, claims 1, 4, 6, 7, 9-12, 14, 16, 17, 20-22, 25-29, 37, 38, 40-46, 48, 50, 52, 60, 63-65, and 67-69 have been amended. New claims 78-80 are added. Claims 30-36, 53-58, 66, and 70-75 have been canceled. Claims 1, 3-12, 14-29, 37-52, 60-65, 67-69 and 76-80 are now pending and subject to examination.

A number of rejections are made in the Office Action. Each rejection is addressed in the order presented in the Office Action.

**I. Rejections under 35 U.S.C. §101**

The Examiner rejects claims 1, 3-12, 14-20, 52-54, 60-64, 42-47, and 58 under 35 U.S.C. §101 as being allegedly directed toward non-statutory subject matter. This rejection is traversed.

In Applicants' prior Amendment, claims 1, 4, 7, 9-12, 14-18, 30, and 37 were been amended to recite particular apparatuses that carry out the claimed steps. For example, claim 1 recites a "distribution channel." Exemplary support for distribution channels can be found at least at ¶¶29-32, ¶41, and ¶106. As those paragraphs explain, distribution channels include devices such as physical point of sale devices, stand alone point of sale devices, integrated point of sale devices, and mobile devices. All of these devices are devices that are capable of conducting a loyalty transaction. Clearly, a "distribution channel" includes a machine. In light of the amendments made to the claims, Applicants respectfully request that the §101 rejection be withdrawn.

It is noted that this argument was made in Applicants' prior Amendment, but the Examiner does not respond to this argument or explain why the Applicants' amendments do not overcome the rejection.

The Examiner also objects to claims 42-47 and 58, as these claims are allegedly system claims, but are claiming functional descriptive material. Applicants traverse this objection, and submit that claims 42-47 and 58 recite a "device" which would include a machine.

However, to expedite the prosecution, independent claim 42 is amended to recite "hardware" in the body of the claim. Thus, claims 42-47 and 58 clearly satisfy 35 U.S.C. §101.

## **II. Rejections under 35 U.S.C. §112**

The Examiner has rejected claims 42-47 and 58 are rejected under 35 U.S.C. §112 as being indefinite. The Examiner has rejected claims 42-47 as indefinite because they are not system claims. This rejection is traversed and the Examiner's position remains unclear, as the claims are device claims. The Examiner is again requested to clarify this rejection or withdrawal the same in view of Applicants' arguments.

## **III. Rejections under 35 U.S.C. §102**

Claims 1, 3-12, and 14-69 are rejected under 35 U.S.C. §102(e) as being anticipated by Iannacci (US Patent Pub. No. US 2002/0062249, hereafter "Iannacci"). This rejection is traversed. However, the limitations in claims 70-75 are incorporated into the present independent claims, so the anticipation rejection over Iannacci is obviated.

## **IV. Rejections under 35 U.S.C. §103**

Claims 70-75 are rejected as being obvious in view of Iannacci and Costello et al. (WO 2005022342) ("Costello"). The Examiner admits that Iannacci does not teach a distribution channel that operates in an offline manner while determining the two or more incentives and applying the determined two or more incentives to a transaction. The Examiner relies on Costello to teach this feature.

Costello has a publication date that is after the effective filing date of the present application, and is not prior art under 35 U.S.C. 102(a). If the Examiner believes that Costello is prior art under 35 U.S.C. 102(e), then it cannot be used to render the claims obvious under 35 U.S.C. 103(c). The application that must be relied upon as prior art in this case is U.S. Patent Application No. 10/651,908, filed on August 29, 2003. *U.S. Patent Application No. 10/651,908 and the present application, were, at the time that the invention of U.S. Patent Application No. 10/651,908 was made, jointly owned by Visa U.S.A. Inc.* As such, neither Costello nor its

priority document can be used to render the present claims obvious, and withdrawal of the obviousness rejection is requested.

Applicants further submit that one would not have been motivated to modify Iannacci with Costello or any other reference, since doing so would defeat the intended purpose of Iannacci's system.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Patrick Jewik', written over a horizontal line.

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